

GLENCARE (SCOTLAND) LTD

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006**

TUESDAY



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COMPANIES HOUSE

GLENCARE (SCOTLAND) LTD

COMPANY INFORMATION

DIRECTORS Anthony Banks
Andrew Morgan (appointed 03/07/06)

SECRETARY Andrew Morgan

COMPANY NUMBER SC96630

REGISTERED OFFICE Eastbourne House
3 Little Causeway
Forfar
DD8 2AD

AUDITORS EQ Chartered Accountants
Registered Auditors
41 North Lindsay Street
Dundee
DD1 1PW

GLENCARE (SCOTLAND) LTD

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GLENCARE (SCOTLAND) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2006

The directors present their report and the financial statements for the year ended 30 April 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is the provision of residential care for the elderly, mentally and physically handicapped.

The directors are pleased with the performance of the home during the year under review.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £93,457 (2005 £131,850).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital (all beneficially held) were

	Ordinary shares of £1 each	
	30/4/06	1/5/05
Anthony Banks	50,000	50,000
Andrew Morgan (appointed 03/07/06)	-	

Anthony Banks holds the majority of the share capital in Balhousie Holdings Limited, the parent company of Glencare (Scotland) Limited.

GLENCARE (SCOTLAND) LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2006**

AUDITORS

The auditors, EQ Chartered Accountants, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 13 November 2006 and signed on its behalf

A handwritten signature in black ink, appearing to read 'Andrew Morgan', with a stylized flourish at the end.

Andrew Morgan
Secretary

GLENCARE (SCOTLAND) LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GLENCARE (SCOTLAND) LTD

We have audited the financial statements of Glencare (Scotland) Ltd for the year ended 30 April 2006 set out on pages 5 to 14. These financial statements have been prepared in accordance with the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards Provisions Available for Small Entities, in the following circumstances:

- Andrew Morgan, a former partner of our firm, joined Glencare (Scotland) Ltd as a director on 3 July 2006.

GLENCARE (SCOTLAND) LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GLENCARE (SCOTLAND) LTD

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

EQ

EQ CHARTERED ACCOUNTANTS

Registered Auditors

41 North Lindsay Street
Dundee
DD1 1PW

13 November 2006

GLENCARE (SCOTLAND) LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2006**

	Note	2006 £	2005 £
TURNOVER	1,2	561,565	579,962
Cost of sales		(268,252)	(253,208)
GROSS PROFIT		293,313	326,754
Administrative expenses		(163,381)	(120,866)
OPERATING PROFIT	3	129,932	205,888
Interest receivable		76	157
Interest payable	5	(12,710)	(21,909)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		117,298	184,136
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(23,841)	(52,286)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	93,457	131,850

All amounts relate to continuing operations

The notes on pages 8 to 14 form part of these financial statements

GLENCARE (SCOTLAND) LTD

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2006**

	2006 £	2005 £
PROFIT FOR THE FINANCIAL YEAR	93,457	131,850
Unrealised surplus on revaluation of tangible fixed assets	714,602	
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	808,059	131,850
	<hr/> <hr/>	<hr/> <hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2006**

	2006 £	2005 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	117,298	184,136
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(12,311)	
	<hr/>	<hr/>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	104,987	184,136
	<hr/> <hr/>	<hr/> <hr/>
HISTORICAL PROFIT FOR THE YEAR RETAINED AFTER TAXATION	81,146	131,850
	<hr/> <hr/>	<hr/> <hr/>

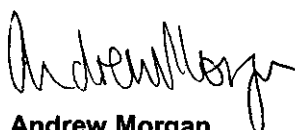
The notes on pages 8 to 14 form part of these financial statements

GLENCARE (SCOTLAND) LTD

**BALANCE SHEET
AS AT 30 APRIL 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	7	1,250,007	555,142
CURRENT ASSETS			
Stocks	8	2,000	2,000
Debtors	9	610,343	521,022
Cash at bank and in hand		24,754	2,583
		<u>637,097</u>	<u>525,605</u>
CREDITORS: amounts falling due within one year	10	<u>(337,565)</u>	<u>(113,971)</u>
NET CURRENT ASSETS		<u>299,532</u>	<u>411,634</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,549,539</u>	<u>966,776</u>
CREDITORS. amounts falling due after more than one year	11	-	(223,388)
PROVISIONS FOR LIABILITIES			
Deferred Tax	12	(2,995)	(4,903)
NET ASSETS		<u>1,546,544</u>	<u>738,485</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Revaluation reserve	14	714,602	
Profit and loss account	14	781,942	688,485
SHAREHOLDERS' FUNDS All equity	15	<u>1,546,544</u>	<u>738,485</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 November 2006


Andrew Morgan
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006**

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	0%	nil
Business equipment	12.5%	straight line
Motor vehicles	25%	straight line
Fixtures and fittings	12.5%	straight line

The company has revalued land and buildings at 30 April 2006 in accordance with FRS 15, hence no depreciation is provided in the year

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

GLENCARE (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

2 TURNOVER

All turnover arose within the United Kingdom

3 OPERATING PROFIT

The operating profit is stated after charging

	2006 £	2005 £
Depreciation of tangible fixed assets owned by the company	26,201	40,354
Auditors' remuneration	1,400	4,230

During the year, no director received any emoluments (2005 £NIL)

4 STAFF COSTS

Staff costs were as follows

	2006 £	2005 £
Wages and salaries	233,334	218,110

The average monthly number of employees, including the directors, during the year was as follows

	2006 No.	2005 No
	20	28

5 INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	12,710	21,909

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006

6 TAXATION

	2006 £	2005 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	25,749	55,253
Deferred tax		
Origination and reversal of timing differences	(1,908)	(2,967)
Tax on profit on ordinary activities	<u>23,841</u>	<u>52,286</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	<u>117,298</u>	<u>184,136</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	35,189	55,241
Effects of:		
Expenses not deductible for tax purposes	-	258
Adjustments to tax charge in respect of prior periods		(20)
Marginal relief	(3,236)	(7,954)
Group relief received	(10,950)	
Depreciation for the period in excess of capital allowances	4,746	7,728
Current tax charge for the year (see note above)	<u>25,749</u>	<u>55,253</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006

7 TANGIBLE FIXED ASSETS

	Freehold property £	Business equipment £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 May 2005	609,085	162,522	9,207	111,516	892,330
Additions	6,464		-	-	6,464
Revaluation surplus	593,332				593,332
At 30 April 2006	<u>1,208,881</u>	<u>162,522</u>	<u>9,207</u>	<u>111,516</u>	<u>1,492,126</u>
Depreciation					
At 1 May 2005	121,270	127,158	8,399	80,361	337,188
Charge for the year		16,435	806	8,960	26,201
On revalued assets	(121,270)		-		(121,270)
At 30 April 2006		<u>143,593</u>	<u>9,205</u>	<u>89,321</u>	<u>242,119</u>
Net book value					
At 30 April 2006	<u>1,208,881</u>	<u>18,929</u>	<u>2</u>	<u>22,195</u>	<u>1,250,007</u>
At 30 April 2005	<u>487,815</u>	<u>35,364</u>	<u>808</u>	<u>31,155</u>	<u>555,142</u>

Cost or valuation at 30 April 2006

	Freehold property £
At cost	615,548
Revaluation surplus	593,333
At valuation 30 April 2006 at open market value	<u>1,208,881</u>

The freehold property is stated at the directors' open market value for a fully equipped operational facility at 30 April 2006. This valuation is supported by a valuation carried out on 11 April 2005 by GVA Grimley, members of the Royal Institute of Chartered Surveyors.

If the freehold property had not been included at valuation it would have been included under the historical cost convention as follows

	2006 £	2005 £
Cost	615,548	609,085
Accumulated depreciation	(133,481)	(121,170)
Net book value	<u>482,067</u>	<u>487,915</u>

GLENCARE (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

8 STOCKS

	2006 £	2005 £
Provisions	<u>2,000</u>	<u>2,000</u>

9 DEBTORS

	2006 £	2005 £
Trade debtors	33,947	47,321
Amounts owed by group undertakings	465,300	378,047
Other debtors	106,360	95,654
Prepayments and accrued income	4,736	
	<u>610,343</u>	<u>521,022</u>

Included within other debtors due within one year is a loan to Anthony Banks, a director, amounting to £nil (2005 £21,500) The maximum amount outstanding during the year was £21,500

10 CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	13,973	23,029
Trade creditors	18,708	17,474
Amounts owed to group undertakings	279,135	
Corporation tax	25,749	55,273
Social security and other taxes		3,231
Other creditors	-	14,964
	<u>337,565</u>	<u>113,971</u>

The company has granted The Royal Bank of Scotland a first standard security over its property, together with a bond and floating charge, as security for the bank borrowings of the company, its parent company Balhousie Holdings Limited, and fellow subsidiaries Balhousie Care Limited, Alastrean Care Limited and Antiquary Court (Arbroath) Limited

There are also unlimited inter company guarantees in place between the company, Balhousie Holdings Limited, Balhousie Care Limited, Alastrean Care Limited, Antiquary Court (Arbroath) Limited and RBNH Limited

GLENCARE (SCOTLAND) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006**

11 CREDITORS
Amounts falling due after more than one year

	2006 £	2005 £
Bank loans	-	223,388

Creditors include amounts not wholly repayable within 5 years as follows

	2006 £	2005 £
Repayable by instalments		155,388

12 DEFERRED TAXATION

	2006 £	2005 £
At 1 May 2005	4,903	7,870
Released during the year	(1,908)	(2,967)
At 30 April 2006	2,995	4,903

The provision for deferred taxation is made up as follows

	2006 £	2005 £
Accelerated capital allowances	2,995	4,903

13 SHARE CAPITAL

	2006 £	2005 £
Authorised, allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

14 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 May 2005		688,485
Profit retained for the year		93,457
Surplus on revaluation of freehold property	714,602	
At 30 April 2006	714,602	781,942

GLENCARE (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	738,485	606,635
Profit for the year	93,457	131,850
Other recognised gains and losses during the year	714,602	
	<hr/>	<hr/>
Closing shareholders' funds	1,546,544	738,485

16. RELATED PARTY TRANSACTIONS

During the year, Glencare (Scotland) Limited purchased goods and services from Lisdén Nursing Home, a business in which both Anthony Banks, a director, and Balhousie Care Limited, a fellow subsidiary, have a financial interest. The value of goods and services provided totalled £23,956, and the maximum outstanding balance during the year was £2,134. The amount outstanding to Lisdén Nursing Home at the year end was £735 (2005: £952).

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Balhousie Holdings Limited, a company registered in Scotland. On 9 December 2005, this company acquired 100% of the issued share capital in Glencare (Scotland) Limited. The director, Anthony Banks, is the controlling director of Balhousie Holdings Limited, and thus is the controlling party of Glencare (Scotland) Limited.